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ABSTRACT

The current pressure to look seriously at the connection between the economy and the educational and occupational skills of adults is being driven by changes in both economic conditions and the makeup of the U.S. labor force. Manufacturing has declined, taking with it low-skill, high-wage jobs, and the work force has more immigrants, women, and older workers than before. The income and standard of living for low-skilled workers has been declining, and with workers changing jobs more frequently, those with lower levels of literacy have longer levels of unemployment. Nearly half of all adults scored in the lowest two of five literacy levels in the National Adult Literacy Survey; those in the lowest literacy levels also received the lowest wages and were unemployed the most. The educational and training challenge facing the nation is how to prepare people with low levels of skills not just for jobs but for jobs that will let them achieve and maintain a higher standard of living and upward mobility. To do so will require answers to questions that can now be framed, such as the following: What should the goals of adult literacy and basic skills programs be for adults preparing to enter the work force, for those already working, and for dislocated workers seeking new jobs? What performance standards should be developed for the literacy and basic skills components of work force and workplace education programs in order to provide direction and a basis for monitoring quality and effectiveness? What is known about effective practices for work force education programs? What should be the mix of targeting and resources in work force and workplace education? and What are the policy and legislative implications of these recommendations. (KC)



NATIONAL INSTITUTE FOR LITERACY

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This summary paper was prepared by staff of the National Institute for Literacy to serve as a stimulus for discussion among participants at a policy forum on Achieving the National Education Goal on Adult Literacy to be held on June 23-24, 1994 at the Westin ANA Hotel in Washington, D.C. This forum is jointly sponsored by the National Institute for Literacy, the National Education Goals Panel and the National Governors Association.

The forum was conceived to engage policymakers, researchers, practitioners and citizens in serious and creative discussion of the ideas raised in a set of papers commissioned by the National Education Goals Panel and the National Institute for Literacy. In these papers researchers were asked to examine the significance of the findings of the National Adult Literacy Survey (NALS) for achieving critical national policy goals including the adult literacy and life long learning goal of the National Education Goals. A volume of the complete papers will be published in late 1994.

In preparing summary papers for this forum, NIFL staff have drawn on these commissioned papers and discussions with their authors. We have placed their research findings in a uniform framework that includes a series of key questions that will be addressed by forum participants.

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INTRODUCTION

The current pressure to look seriously at the connection between the economy and the educational and occupational skills of adults is being driven by changes in both economic conditions and the makeup of the American labor force. In recent years the structure of the American economy has been changing in important ways, with major examples being the decline of manufacturing industries and jobs and the growth of the service industry.

The American labor force is also changing. Immigration has risen to historically high levels, the proportion of women in the work force continues to grow, and the average American worker is getting older. These changes have taken on a greater social and political urgency with the signing of international trade agreements, corporate restructuring and down-sizing, and an economic recovery that is not producing jobs at high rates.

The effects of these changes on the lives of working Americans are significant:

- the income and standard of living for workers with low levels of formal education and low literacy levels have been declining, both in absolute terms and in comparison to the income of better educated workers;
- Higher paying jobs for low-skilled workers in certain categories, such as the manufacturing sector, will continue to decline in relative numbers. While there will be an increased demand for low skilled labor, it will be in low-paid jobs;
- the wages for occupations associated with higher levels of literacy and educational attainment (such as professional and technical jobs) will grow in real terms; and
- the average worker will change jobs frequently over his or her career, and lower levels of literacy are associated with longer periods of unemployment, both within and across occupational categories.

In other words, high-wage jobs for people with low skills and educational levels are on the decline. Increasingly, the only low-skill jobs will be those that also pay low wages. And greater job mobility is likely to mean that people with lower skills will be out of work longer.

Two groups of Americans are more likely to face the compound problem of declining wages and occupational options:

- adults who have had jobs for long periods of time, especially in the manufacturing sector, and have made a good living without high levels of education or literacy; and

- adults who have had limited labor force experience -- the young and economically disadvantaged.

The educational and training challenge facing the nation is how to prepare people with low levels of skills not just for jobs, but for jobs that will let them achieve and maintain the standard of living and upward mobility that has been the signature of the American economy for at least the last fifty years.

Jobs and the economy have become an area of anxiety and concern for many Americans. The Clinton campaign slogan, "It's the Economy, Stupid!" summed up the importance of this issue to the nation. Nearly all the President's major domestic policy initiatives of the last year, including school-to-work, welfare reform, the reemployment act, and NAFTA, have been focused on creating new jobs and preparing adults for them.

On March 31, 1994, the Goals 2000: Educate America Act was signed into law, and the National Education Goals officially became national and federal policy. The fifth of these goals states that, "by the year 2000, every adult American will be literate and will possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship."

What does it mean to possess the skills and knowledge to compete in a modern world-economy? Where are we now, as a nation, with regard to achieving this goal? What kind of services need to be made available if we are serious about making progress over the next several years?

The purpose of this paper is to provide background information and a general framework that can help us address these important questions with regard to America's work force. This is an opportune time to take on the task. The National Adult Literacy Survey (NALS) has provided us with an accurate assessment of the literacy levels of the American labor force. We know a great deal about where job growth and contraction are likely to occur in the future. Finally, we are beginning to have a good picture of the education and skill requirements for jobs that will be available as we approach the year 2000.

WHAT DO WE KNOW ABOUT THE CONNECTION BETWEEN LITERACY SKILLS, EDUCATIONAL ATTAINMENT, AND WORK?

A. The American Labor Force, Employed and Unemployed

In May of this year, there were 122.9 million American adults (over the age of 16) employed in the United States. Sixty-six million were men, and 56 million were women. 105 million were white, 12.8 million were African-American, and 10.8 million were Hispanic. The largest single age group in the labor force was between 25 and 44 years old. Of those working, 79% percent are employed full-time, with 22.8 million adults working part-time.

The current unemployment rate for the civilian labor force is 6%, which translates to 7.9 million adults. The unemployment rate is 5.7% for whites, 9.5% for Hispanics, and 11.5% for African Americans. 2.6 million adults were unemployed for 5 weeks or less, while 1.7 million adults were unemployed for over 27 weeks.

B. Literacy Skills and Educational Attainment of the American Labor Force

Perhaps the most widely cited statistic of the National Adult Literacy Survey (NALS) was that nearly half of all American adults -- over 90 million -- scored in the lowest two of five literacy levels. But the report also contained other important findings regarding the connection between employment, earnings, and literacy:

- Nearly half of the adults in level 1 (the lowest literacy level) were out of the labor force -- both unemployed and not looking for work. Only 30% of those in level 1 had full-time jobs. In comparison, 91% of adults in level 5, the highest level, were in the labor force.
- Adults in level 1 worked an average of 19 weeks a year, while those in level 3 averaged 35 weeks of work a year. Adults in Level 5 worked an average of 44 weeks a year.
- Adults in the highest level of literacy earned about three times as much on average as adults in the lowest level.
- The literacy profiles of adults in different occupational categories vary widely and demonstrate a strong relationship between literacy, education and occupational cluster.

To put it simply, adults with higher levels of literacy work more and longer, and earn more. These findings are clearly demonstrated in the chart below:

**Educational Attainment, Literacy Levels, Projected Job Growth and Wages
by Occupational Category**

Occupational Group	Number (X 1,000)	No High School or GED (%)	Associate Degree or Higher (%)	Mean NALS Score (Prose)	% Job Growth (1992-2005)	Median Weekly Earnings (1993)
Professional	16,592	1.5	82.2	329.0	37.4	\$682
Managerial	12,066	3.4	53.6	318.7	25.9	\$675
Technical	4,282	2.7	43.9	308.5	32.2	\$419
Admin Support	22,349	5.8	22.5	295.9	13.7	\$392
Sales	12,993	11.5	30.2	289.7	20.6	\$457
Craft	13,580	19.2	12.7	267.1	13.3	\$501
Service	19,358	26.4	11.5	262.4	33.4	\$271
Transport	*	23.9	7.3	258.3	*	\$447
Laborers	16,349	32.4	6.7	248.0	9.5	\$312
Assemblers	*	28.1	6.6	246.8	*	\$385
Farm, Fishing	3,530	35.4	12.1	245.1	3.4	\$269

The figures in the chart confirm that the highest-paid occupations are associated with the highest literacy levels and higher educational attainment. It also demonstrates that, while there will be growth in some jobs (notably service) that require lower levels of education and literacy, those jobs also pay less. Most significantly, the greatest growth is projected in higher paid jobs that require higher skills.

The findings across occupations are consistent with the differences in educational attainment and wages within occupational categories. For example, registered nurses scored above the 70th percentile on the NALS, while health service workers scored below the 40th percentile on the survey. Nurses have an average annual income of about \$30,000, while health service workers have an average income of slightly more than \$11,000.

To survey the literacy levels of individuals in the Job Training Partnership Act and job seekers in the Employment Service/Unemployment Insurance (ES/UI) programs, the Department of Labor used a definition of literacy and scaling system similar to the NALS. Survey findings demonstrated that "workplace literacy plays a critical role in determining the labor market experience of the workers in these DOL client populations." Specifically, the survey found that --

- On each of the three literacy scales, 40 to 50% of the eligible JTPA applicants and almost 40% of the ES/UI program participants tested at the lowest two literacy levels on the scale.
- In the ES/UI population, a fifty point difference on the literacy scale was associated with a 34% difference in wages.
- Persons who have less labor market experience, such as JOBS clients and JTPA trainees, stand to gain the most economically from improved literacy skills.
- Half the difference in wages between White and African-American ES/UI participants was explained by the differences in literacy scores.
- About two-thirds of the participants in both programs felt they could get a better job with additional literacy training.

A recent report that included significant new analyses of these data concluded that "workplace literacy training as an ingredient of overall job training and assistance is an indispensable prescription for long-term economic growth and stability."

* No data reported

WHAT QUESTIONS DOES THIS INFORMATION RAISE ABOUT THE POLICIES AND RESOURCES THAT WILL BE NECESSARY TO ENSURE THAT EVERY ADULT HAS THE SKILLS AND KNOWLEDGE NECESSARY TO COMPETE IN A GLOBAL ECONOMY?

A. What should the goals of adult literacy and basic skills programs be for adults preparing to enter the workforce, for those already working, and for dislocated workers seeking new jobs?

1. What do adults need to know and be able to do to qualify for and maintain private sector jobs that will enable them to support their families?
2. The concept of an "adult mobility continuum" provides a useful way for us to think about changing adult needs for education and training over a life time. Meeting those needs at any given point in an adult's life enables him or her to enhance mobility, moving on to a new job or a better job in response to changes in the economy, the community or their own situation. Oregon defines this continuum like this:

Adult Mobility Continuum				
Most Restricted Mobility	Somewhat Restricted Mobility	Average Mobility	Above Average Mobility	Most Flexible Workforce in the World

- a. How does this concept help us think about a system for meeting the employability needs of adults?
 - b. How would you place and define various groups on this continuum? How would you define education and training needs and optimal services at differing points on the continuum? For example, do employment related literacy services for low-literate learners need to be designed differently than services for those with higher skill levels?
- B. What performance standards should be developed for the literacy and basic skills components of workforce and workplace education programs in order to provide direction and a basis for monitoring quality and effectiveness?**
1. How should we measure progress and success in these programs?
 - a. What skills, knowledge, and abilities are important to develop and measure?

- b. What is the relationship between these skills and the voluntary "national content standards" and "skill standards" being developed under the aegis of the Goals 2000: Education America Act?
 - c. What stakeholders should be involved in setting these standards?
 - 2. What assessment approaches are available to measure progress in these areas for adults at every level of literacy development, and for ESOL as well as native English speakers?
- C. What do we know about effective practices for workforce education programs?
 - 1. for adults preparing to enter the workforce?
 - 2. for those already working?
 - 3. for those in need of retraining for new jobs?
- D. Targeting and Resources
 - 1. What is the mix of current resources for workforce and workplace education programs?
 - 2. Given constrained state and federal budgets, how do we make best use of available resources for the education and training of adults preparing to enter or reenter the workforce?
 - a. what strategies exist for effectively targeting existing basic education resources from all sources?
 - b. Does it make sense to target a specific group or groups for service? Who are the likely candidates? What are the pluses and minuses of this strategy?
 - c. Should we target specific geographic regions?
 - d. What new approaches to service delivery might enable us to expand program capacity without large infusions of funding?
 - 3. How can we leverage private sector investment in workforce basic skills education?
 - a. What kind of partnerships with employers can assure that learning and skills development continue once people find employment?
 - b. What legislative and other strategies might provide incentives to the private sector to support job-specific education and training on the job?

4. If one of our goals is to assure that every worker has access to basic skills in the workplace, what funding, delivery and technical assistance mechanisms can help achieve that goal?
 - a. how do we ensure that employers have information about (a) the role of workplace basic education in enhancing productivity and (b) how to get assistance in designing, implementing and evaluating integrated workforce basic skills programs?
 - b. what resources do we need for technical assistance and training to program staff and managers on how to effectively design and run an effective workplace literacy program?

E. What are the policy and legislative implications of these recommendations?

1. How do the recommendations affect proposals for Welfare Reform? for the Reemployment Act?
2. What impact do they have in preparing for reauthorization of the Adult Education Act?
3. Are there other legislative or administrative actions that might be affected by these proposals?

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